

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 IO-14 INT-08 SS-20 NSC-10 CIAE-00

DODE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01

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R 151345Z FEB 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 0048

INFO CINCPACREP GUAM/TTPI GUAM MARIANAS ISLANDS

CIMTWELVE SANFRAN CA

CINCPAC HONOLULU HI

C O N F I D E N T I A L TOKYO 2158

CINCPACREP PASS TO STATUS LNO TRENT (SAIPAN)

COMTWELVE FOR AMB WILLIAMS

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, JA, TQ

SUBJ: JAPAN-MICRONESIA ASSOCIATION

SUMMARY: FONOFF ASKS THAT IN LIGHT REMOVAL OF RESTRICTION ON FOREIGN INVESTMENT IN TTPI, USG RECONSIDER ITS OPPOSITION TO FORMATION OF JAPAN-MICRONESIAN FRIENDSHIP ASSOCIATION AND EXPRESSES BELIEF THAT SUCH AN ASSOCIATION COULD PROVIDE GOJ WITH HELPFUL LEVERAGE IN REGULATING JAPANESE PRIVATE SECTOR CONTACTS WITH MICRONESIA. WE BELIEVE THAT FONOFF POINTS ARE WELL TAKEN AND URGE WE RECONSIDER OUR POSITION. FONOFF ALSO NOTED THAT IT HAD BEEN CONTACTED RECENTLY BY JSP DIET MEMBER HIDEO DEN WHO THREATENED TO RAISE MICRONESIAN CLAIMS PROBLEM IN DIET IF GOJ DID NOT QUICKLY RESOLVE ISSUES. END SUMMARY.

1. AT FONOFF REQUEST, POL/COUNS MET WITH FONOFF HEAD FIRST NORTH AMERICAN DIVISION FUKAKA ON FEB 15. FUKADA SAID THAT IN GOJ VIEW, OPENING OF MICRONESIA TO FOREIGN INVESTMENT CHANGED SITUATION AND THAT IF FONOFF CONTINUED AT OUR RE-
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QUEST TO OPPOSE FORMATION OF JAPAN-MICRONESIA FRIENDSHIP

ASSOCIATION BY QUOTE RIGHT KIND OF PEOPLE UNQTE, SOME OTHER GROUP THAT WAS LESS DESIRABLE MIGHT WELL FORM SOME SUCH ASSOCIATION. FUKAKA NOTED THAT SPONSORS OF PROPOSED ASSOCIATION WERE MADE UP OF RESPONSIBLE ELEMENTS AND INCLUDED PRESIDENTS OF A NUMBER OF MAJOR JAPANESE COMPANIES (HE MENTIONED MITSUI BUSAN, NYK, NEW OTANI HOTEL, FUJI TV, AND ALL NIPPON AIRWAYS, AMONG OTHERS). HE SAID THAT HE BELIEVED THAT THE ASSOCIATION WOULD BE RESPONSIVE TO GOJ GUIDANCE AND BE USEFUL LEVER BY WHICH THE GOJ MIGHT GUIDE JAPANESE INVESTMENT IN THE TTPI. FUKADA POINTED OUT THAT AT THE MOMENT THE FONOFF HAS NO OFFICIAL CONTACT WITH JAPANESE BUSINESSMEN WHO ARE INTERESTED IN THE TTPI, AND IT LEARNS ABOUT THEIR ACTIVITIES ONLY INDIRECTLY OR WHEN PROBLEMS DEVELOP. THE PROSPECTIVE MEMBERS OF THE ASSOCIATION INCLUDE SUCH BUSINESSMEN SO ITS FORMATION WOULD HELP RECTIFY THIS PROBLEM. FUKADA ADDED THAT FRIENDSHIP ASSOCIATIONS EXISTED IN JAPAN FOR MANY AREAS OF THE WORLD AND THAT THERE WAS NO LEGAL WAY TO STOP THE FORMATION OF THESE GROUPS.

2. POL/COUNS REVIEWED REASONS WHY WE HAD ASKED FONOFF TO DISCOURAGE FORMATION OF THE ASSOCIATION AND EXPRESSED APPRECIATION FOR GOJ COOPERATION IN THIS MATTER. HE PROMISED THAT POINTS MADE BY FUKADA WOULD BE CAREFULLY CONSIDERED AND THAT WE WOULD FORWARD QUESTION TO WASHINGTON WITH RECOMMENDATION THAT OUR POSITION BE RECONSIDERED. PENDING REPLY FROM WASHINGTON, POL/COUNS ASKED THAT FONOFF NOT INDICATE TO SPONSORS OF ASSOCIATION THAT US POSITION MIGHT CHANGE.

3. FUKADA THEN TURNED TO PROBLEM OF MICRONESIAN CLAIMS AND INTEREST OF JAPANESE OPPOSITION PARTIES IN THIS PROBLEM. HE SAID THAT AMERICAN AFFAIRS DIRECTOR GENERAL OKAWARA HAD BEEN CALLED BY JSP DIET MEMBER HIDEO DEN SEVERAL DAYS AGO, WHO SAID THAT UNLESS SETTLEMENT OF OUTSTANDING CLAIMS WAS EXPEDITED, HE WOULD BRING MATTER UP IN DIET. GOJ CONTINUES TO MAINTAIN THAT CLAIM PROBLEM HAS BEEN SETTLED, BUT ELEMENTS IN MICRONESIA, PARTICULARLY DANIEL LOPEZ OF PONAPE, WHO HAS BEEN IN JAPAN SINCE LAST SEPTEMBER, HAVE FOUND FRIENDS IN THE JAPANESE POLITICAL LEFT WING AND PROBLEM HAS BECOME DOMESTIC POLITICAL ISSUE. GOJ WOULD LIKE TO FIND SOME QUOTE EXTRA-LEGAL UNQTE WAY OF SETTLING WITH LOPEZ BUT IS AFRAID THAT CONFIDENTIAL

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SUCH A STEP WOULD INVITE PROBLEMS NOT ONLY IN THE REST OF MICRONESIA BUT IN OTHER COUNTRIES WHERE CLAIMS REMAIN AN ISSUE.

4. POL/COUNS REPLIED THAT WE HAD HEARD INFORMALLY FROM SAI-PAN THAT TTPI GOVT WOULD SOON APPROVE LIST OF PROJECTS, SO WE HOPED THAT AGREEMENT COULD BE SPEEDILY IMPLEMENTED. AS FOR LOPEZ PROBLEM, POL/COUNS EXPRESSED SYMPATHY BUT COULD

OFFER LITTLE ADVICE ON HOW TO HANDLE PROBLEM. HE SAID, HOWEVER, THAT WE WOULD REPORT SITUATION TO WASHINGTON. FUKADA THEN CONCLUDED THAT BOTH HE AND OKAWARA WERE CONCERNED ABOUT GROWING DOMESTIC CRITICISM OF GOJ POLICY TOWARD MICRONESIA. HE SAID THAT ISSUE MIGHT NOT ARISE IN CURRENT DIET SESSION BUT THAT IT WAS SURE TO CROP UP IN FUTURE.

5. COMMENT: WE BELIEVE THAT FUKADA'S POINTS ON THE MICRONESIAN ASSOCIATION ARE WELL TAKEN. GOJ HAS BEEN MOST COOPERATIVE IN HOLDING LINE ON THIS PROBLEM, BUT OPENING OF TTPI TO JAPANESE INVESTMENT HAS INCREASED PRESSURE CONSIDERABLY. (ASSOCIATION SPONSORS HAD CALLED ON EMBOFF EARLIER IN WEEK TO INQUIRE ABOUT OUR POSITION IN LIGHT OF CHANGE OF POLICY.) WE AGREE WITH FUKADA THAT ASSOCIATION INCLUDES RESPONSIBLE JAPANESE BUSINESS ELEMENTS WHO ARE LIKELY TO BE RESPONSIVE TO GOJ GUIDANCE. WE BELIEVE THAT FONOFF UNDERSTANDS OUR CONCERN ABOUT MICRONESIA AND PROBLEMS THAT COULD BE CREATED BY EXCESSIVE OR INAPPROPRIATE JAPANESE ECONOMIC AND POLITICAL ACTIVITY, WILL HELP US IN REGULATING THIS ACTIVITY, AND THAT ASSOCIATION MAY BE USEFUL TOOL FOR THIS. WE WOULD APPRECIATE DEPT AND TTPI VIEWS. ON CLAIMS PROBLEM, WE EXPECT THAT THIS WILL CONTINUE TO CAUSE PROBLEMS FOR GOJ, BUT MAJOR CONTRIBUTION THAT WE CAN MAKE AT THIS POINT IS TO SPEED IMPLEMENTATION OF AGREEMENT. SHOESMITH

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